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SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. ABELIAN (Armenia)
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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In the absence of the Chairman, Mr. Abelian (Armenia), Vice-Chairman, took the Chair.

The meeting was called to order at 10.15 a.m.

AGENDA ITEM 120: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/49/897; A/50/11)

1. Mr. PALIZ (Ecuador), speaking on behalf of the Rio Group, said that the current method for determining the scale of assessments, which was the result of laborious consultations and negotiations, could be modified on the basis of recommendations by the Committee on Contributions. He recalled that, in its resolution 48/223 C of 23 December 1993, the General Assembly had requested the Committee on Contributions "to undertake a thorough and comprehensive review of all aspects of the scale methodology with a view to making it stable, simpler and more transparent while continuing to base it on reliable, verifiable and comparable data" and had reaffirmed that the principle of capacity to pay was the fundamental criterion for determining the scale of assessments.

2. The Rio Group called on the Committee on Contributions, whose work it supported, to continue the review undertaken and strongly hoped that, before the end of the current session, the Committee on Contributions would submit a complete and definitive report on the method to be used for determining the scale of assessments for the period 1998-2000. It felt that the subsidiary bodies of the United Nations should be allowed to perform their statutory functions and carry out the specific mandates entrusted to them by the General Assembly, avoiding overlap which, at a time of limited resources, was synonymous with waste.

3. The Rio Group recalled that the General Assembly had adopted by consensus the resolution approving the current scale of assessments. It did not support the arguments establishing a link between the current method for determining the scale of assessments and the financial situation of the Organization. Whatever the results of the review undertaken by the Committee on Contributions or the decisions taken by the General Assembly, Member States would still have a duty to finance the activities of the Organization envisaged in the Charter of the United Nations.

4. Mr. AHMAD (Malaysia), said that his delegation associated itself with the statement made by the representative of the Philippines on behalf of the Group of 77 and China. Welcoming the actual or announced payment of assessed contributions by certain Member States, his delegation reiterated its call to the States which had not yet done so, especially the major contributors, to pay the amounts due in full, on time and without conditions in order to provide the United Nations with the financial footing it needed to discharge its responsibilities under the Charter. At the ninety-fourth conference of the Inter-Parliamentary Union, the Special Representative of the Secretary-General had said that unless substantial payments of assessed contributions were received by the end of November 1995, the Secretary-General would convene an emergency special session of the General Assembly.

5. His delegation wished to point out that the scale of assessments for the period 1995-1997, which some countries regarded as unfair, had been adopted in the General Assembly by consensus, consistent with Article 17, paragraph 2, of the Charter, and fully reflected the principle of the capacity to pay. Member States which were not satisfied with their assessments had other avenues for redress than non-payment of their contributions. The conclusions of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay (A/49/897), of the Committee on Contributions (A/50/11) and of the High-level Open-ended Working Group on the Financial Situation of the Organization should be considered in detail before any decision was taken on the scale of assessments.

6. Although the next new scale of assessments would not be required until 1998, the Committee on Contributions should undertake a thorough and comprehensive review of all aspects of the methodology for determining the scale, as mandated by the General Assembly. His delegation had always been in favour of taking socio-economic factors into consideration in the calculation of the scale of assessments since that was the only method which could truly reflect a State's capacity to pay. It was therefore sceptical about the various proposals calling for a simplified methodology, for the sake of transparency.

7. His delegation believed that a base period of five to six years should be used, since the three-year period recommended by the Ad Hoc Working Group was too short to reflect properly the current capacity to pay, especially in the case of countries experiencing major fluctuations in their economies. Furthermore, it believed that the three-step approach in phasing out the effects of the scheme of limits by 50 per cent for the years 1995-1997 should be continued for the period 1998-2000, in accordance with General Assembly resolution 48/223 B.

8. With regard to the ceiling rate, his delegation believed that it was neither prudent nor in the interest of the Organization to rely on just one Member State for a quarter of the regular budget. It supported the recommendation of the Committee on Contributions that the floor rate should be lowered so as to rectify in part the distortions that existed in the capacity to pay of certain Member States, but warned against decreasing the floor to too low a rate, or abolishing the floor. It believed that the debt-burden adjustment should continue to be used for the many developing countries adversely affected by debt repayment.

9. His delegation was not opposed to expressing the scale of assessments in percentages of more than two decimal places, since that would mean greater accuracy. It had taken note of the recommendations and observations made by the Ad Hoc Intergovernmental Working Group and the Committee on Contributions on the advantages of using the gross national product rather than the gross domestic product to measure national income, and felt that the issue should be given further consideration. Finally, Malaysia could not accept the unilateral decision of a Member State to reduce its peace-keeping assessment and in that respect reaffirmed the validity of the principles and guidelines laid down by the Secretary-General in resolutions 1874 (S-IV) of 27 June 1963 and 3101 (XXVIII) of 11 December 1973 on determining the scale of assessments for peace-keeping operations.

10. Mr. Soong Chull SHIN (Republic of Korea) said that his delegation supported the statement made by the representative of the Philippines on behalf of the Group of 77 and China. It felt that it was essential, on the fiftieth anniversary of the United Nations, to find a viable solution to the current financial difficulties of the Organization. As the Secretary-General had reaffirmed in his report on the work of the Organization, the fundamental cause of the current financial crisis was the failure of Member States to meet their financial obligations to the Organization in full, on time and without conditions. The Republic of Korea had always paid its contributions to the regular budget and the peace-keeping operations budget and would continue to do so. It urged all Member States to demonstrate the political will to resolve the financial crisis which was impeding the fulfilment of the objectives of the Organization.

11. His delegation believed that the principle of capacity to pay should be the basic criterion for determining the scale of assessments and that it was important to forge consensus on the methods of providing the Organization with a viable and sound financial basis, since Member States had collectively accepted the method for the calculation of scales of assessment.

12. His delegation was in favour of maintaining a longer statistical base period than the proposed three-year period in order to achieve greater stability and predictability. It shared the view of some members of the Committee on Contributions that a shortening of the base period while the scheme of limits was being phased out could cause instability and excessive charges in the rates of assessment of some Member States. It hoped that the remaining 50 per cent phase-out of the effects of the scheme of limits would be carried out under a multi-step approach so as to mitigate the potentially strong impact on the assessment of certain countries like the Republic of Korea.

13. His delegation welcomed the adoption of the report of the High-level Open-ended Working Group on the Financial Situation of the Organization and the decision taken by the Working Group to continue its work during the current session. His Government had decided, as an initial step, to increase its voluntary contribution to the operational activities of the United Nations by 65 per cent in 1996.

14. Mr. ODAGA-JALOMAYO (Uganda) said that he too endorsed the statement made by the representative of the Philippines on behalf of the Group of 77 and China. Welcoming the comments of the Committee on Contributions on the report of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay (A/49/897), he expressed support for a scale of assessments that was based on the principle of capacity to pay - a principle which was supported by the overwhelming majority of countries. While the present methodology called for some improvement, it was the least unsatisfactory compared to other options proposed and had the advantage of having stood the test of time.

15. His delegation favoured the lowering of the floor rate of assessment for the least developed countries and other low income countries recommended by the Committee on Contributions in paragraph 35 of its report. The length of the base period selected should adequately take into account the current capacity to pay while maintaining stability and predictability in the scale. The General

Assembly should strengthen debt-burden adjustment in order to take into account the special problems of highly indebted countries, particularly the least developed ones. Agreement should be reached on a system which preserved the principle of capacity to pay while ensuring that the regular budget of the Organization was not heavily dependent on the contributions of one Member State. There was also a need to agree on realistic alternative conversion rates for countries that experienced serious distortions or fluctuations in their income. It was necessary for the General Assembly to give clear guidance to the Committee on Contributions on the various issues related to the scale methodology.

16. Mr. JAWARNEH (Jordan) endorsed the statement made by the representative of the Philippines on behalf of the Group of 77 and China. The report of the Committee on Contributions was especially important since it dealt mainly with the work of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay (A/49/897). In paragraph 8 of its report, that Committee had decided, in consideration of the comprehensive nature of the mandate given to it by the General Assembly, to devote two sessions to a comprehensive review of the scale methodology in order to undertake a more careful reflection on the various outstanding issues before it.

17. The capacity to pay should remain the fundamental criterion for determining the scale of assessments. The review of the floor rate would have an impact on the assessments of all Member States. He was against shortening the base period to three years because the most important variables for developing countries would not be adequately taken into account. He took note of the divergence of views mentioned in the report of the Committee on Contributions concerning the importance of maintaining the a debt-burden adjustment or on how to calculate it. In determining the scale of assessments, the Committee on Contributions should take into account not only the burden of the external debt but also the efforts made by some countries towards its reimbursement, as well as the per capita income and socio-economic indicators in accordance with the principle of capacity to pay.

AGENDA ITEM 133: FINANCING OF THE UNITED NATIONS MISSION IN HAITI (A/50/363, A/50/488)

18. Mr. TAKASU (Controller), introducing the report of the Secretary-General on the financing of the United Nations Mission in Haiti (UNMIH) (A/50/363), said that the mandate of UNMIH was to sustain the secure and stable environment which had been established during the multinational phase and to establish an environment that was conducive to the organization by the authorities of free and fair elections. The Mission had discharged its mandate very well. UNMIH was a model mission in that the Secretary-General had received both the political and financial backing of Member States.

19. The Mission's mandate had been extended until 29 February 1996 by Security Council resolution 1007 (1995) of 31 July 1995. With respect to the maintenance of the Mission, the General Assembly had made a commitment authorization at a monthly rate of $21.2 million gross until the end of October 1995. At the same time, the Assembly had issued assessments only until the end of August in respect of the authorized amounts. The General Assembly therefore needed to

take an urgent decision regarding the assessment of the amounts for September and October in order to ensure the continuation of the operation.

20. Thanks to the contributions of Member States, the financial situation of UNMIH was better than that of other peace-keeping missions. Thus far, the contributions arrears amounted to some $35 million or 20 per cent of the total funds appropriated from the beginning of the Mission until 31 August 1995.

21. Since the Secretariat was still calculating the reimbursements for troop-contributing countries, it had decided to pay to such countries on a provisional basis an estimated amount equivalent to two months of reimbursement it being understood that that amount would be adjusted once the final figures relating to contingents were available.

22. The document before the Committee contained the budget performance report for the period from 1 August 1994 to 31 January 1995 and the cost estimates for the seven-month period from 1 August 1995 to 29 February 1996. The financial performance report for the period from 1 August 1994 to 31 January 1995 reflected an unencumbered balance of $1.9 million gross. The Mission had not used the total amount appropriated by the General Assembly for that initial period mainly as a result of delays in the procurement of vehicles, office equipment and furniture and other equipment. However, for the same period, the General Assembly had assessed only a total amount of $2.2 million gross. It should therefore assess an additional amount of $1.7 million gross for that period.

23. The Secretariat needed three full months to prepare the budget performance report from the end of the period considered. Thus, the budget performance report for the period from 1 February to 31 July 1995 would be submitted on 1 November. At the request of the Advisory Committee, the Secretariat had submitted for that period preliminary information on the budget performance report which the Advisory Committee had mentioned in its report. However, such information should not be considered as definitive.

24. The cost estimates for the seven-month period from 1 August 1995 to 29 February 1996 amounted to $152 million and included a small percentage of one-time costs. Those estimates had been prepared on the basis of the monthly cost of operations since the beginning of the Mission, namely, $21.2 million a month. The few minor changes were due mainly to the cost of additional interpreters and some infrastructure repairs. The monthly cost for the period beyond 29 February 1996 was estimated at $21.2 million gross, should the Security Council decide to extend the Mission's mandate.

25. Three trust funds had been established concerning Haiti. Two of them had received considerable contributions: contributions to date to the Trust Fund for electoral assistance to Haiti totalled $9.6 million, while the Trust Fund to provide goods and services to the international police monitoring programme and other specifically designated purposes in Haiti had received $3.3 million. On behalf of the Secretary-General, he thanked the Member States which had made contributions to those Funds.

26. The actions to be taken by the General Assembly at its fiftieth session were summarized in paragraph 45 of the Secretary-General's report. For the period from 1 August 1994 to 31 January 1995, the Assembly was requested to assess an additional amount of $1.7 million taking into account the unencumbered balance mentioned in the budget performance report for that period. For the seven-month period from 1 August 1995 to 29 February 1996, the General Assembly was requested to appropriate the amount of $152 million gross inclusive of the amount of $63 million gross which the Assembly had already authorized in March 1995. For the same period, the Assembly should assess an additional amount of $130 million. Finally, the Assembly should make a commitment authorization at a monthly rate of $21.2 million gross with regard to the period after 29 February 1996, should the Security Council decide to continue UNMIH beyond that date.

27. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on the financing of the United Nations Mission in Haiti (UNMIH) (A/50/488), said that the report covered the cost estimate for the period from 1 August 1995 to 29 February 1996 and contained information on financial performance for the period from 1 August 1994 to 31 July 1995. The General Assembly had authorized an appropriation of $5.9 million gross for the period from 1 August 1994 to 31 January 1995. As indicated in the report of the Secretary-General (A/50/363), the unencumbered balance for the period was $1,982,600. It appeared from the information provided to the Advisory Committee that savings of $10,683,000 were expected for the period from 1 February to 31 July 1995 (see paras. 13 and 14 of the Advisory Committee's report). The financial performance report for that period had not been available when the Secretary-General's report had been submitted to the Advisory Committee. In that connection the Advisory Committee expected that, with the introduction of the new budget cycles, it would be easier for the Secretary-General to provide the Committee with performance reports in good time.

28. As indicated in paragraph 15 of the Secretary-General's report, expenditures were estimated at $152,011,500 gross. In paragraphs 15 to 35 of its report the Advisory Committee presented its comments; subject to the comments contained in the report the Advisory Committee was recommending that the General Assembly should approve an appropriation in the amount of $152,011,500 gross for the period from 1 August 1995 to 29 February 1996.

29. He drew the attention of members to the political assumptions on which the budget estimates had been based. In paragraph 17 of its report the Advisory Committee noted that, if the mandate of the Mission was not extended, the repatriation of the military forces would start at the beginning of March 1996 and would take 45 days.

30. As to the amounts to be assessed, the Advisory Committee recommended that the General Assembly should take into account the unencumbered balances, i.e. an amount of $10,683,000 gross for the period ending 31 July 1995 and an amount of $1,982,600 for the period from 1 August 1994 to 31 January 1995. Should the General Assembly accept the Advisory Committee's recommendation, an amount of $12.6 million would have to be subtracted from the total amount of $152,110,500 to be apportioned among Member States.

31. Mr. GRANT (United States of America) said that in accordance with an act that had entered into force on 1 October 1995, the contribution of the United States Government to a peace-keeping operation could no longer exceed 25 per cent of the total budget of that operation. That rule would therefore apply to the United Nations Mission in Haiti as to other peace-keeping operations. He recalled that for UNMIH alone, thus far his country had paid more than $51 million for the year 1995. Even if limited to 25 per cent, the contribution of the United States to peace-keeping operations was far greater than any other contribution. His Government sincerely hoped that the General Assembly would urgently adopt the necessary measures to bring about the reform, deferred for too long, of the scheme for the apportionment of the expenses of peace-keeping operations.

AGENDA ITEM 115: PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995 (A/47/7/Add.5, A/47/454; A/49/952; A/C.5/47/17, A/C.5/47/61 and Corr.1; A/C.5/48/3, A/C.5/48/14, A/C.5/49/72)

Travel and related entitlements

32. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on travel and related entitlements for members of organs and subsidiary organs and staff members of the United Nations and on standards of accommodation for air travel (A/49/952), pointed out that some of the documents before the Committee dated back to the forty-seventh session. It was to be hoped that the Fifth Committee would not put off indefinitely taking decisions on those matters. He drew the attention of members to the Advisory Committee's comments in paragraph 3 of its report concerning the nine-hour rule and emphasized that the Secretary-General should review that rule in the light of all relevant factors.

33. As indicated in paragraph 9 of its report, the Advisory Committee believed that the International Civil Service Commission (ICSC) could be asked to study the question of the rules applicable to the travel by staff members of the United Nations and of the system as a whole. The members of the Fifth Committee might wish to take into account the report on that subject which the Joint Inspection Unit was currently preparing.

34. In paragraph 13 of its report, the Advisory Committee reiterated the recommendations contained in its earlier report (A/43/7/Add.8) concerning reimbursement of travel costs to representatives of the least developed countries attending meetings of subsidiary bodies of the Economic and Social Council and other organs. Paragraphs 14 to 20 of the report dealt with standards of accommodation for air travel. The Advisory Committee was of the view that there should be less flexibility in granting exceptions and recommended that the practice of authorizing exceptions ex post facto should be discontinued (para. 16). In general, the Committee believed that greater savings could be achieved through proper planning of itineraries.

35. The Advisory Committee had been informed that the question of the payment of a lump sum for home leave travel was under study. In the view of the Advisory Committee, that was one of the problems on which ICSC could be asked to present its views.

36. Mr. BIRENBAUM (United States of America) said that his delegation had become increasingly concerned at the cost and standards of travel of United Nations officials. In the light of its current financial situation, the United Nations must demonstrate that it was doing everything possible to control costs. The report of the Secretary-General (A/C.5/48/83) detailed the disparity in travel standards for officials throughout the United Nations system. Reiterating the proposal advanced by the Secretary-General and the Advisory Committee, his delegation proposed that the General Assembly should take action, at the current session, to refer the question of standards of travel to ICSC, requesting it to establish a system-wide standard of travel, derived from the practice of the comparator.

37. He believed that, in the interim, savings could be achieved under the Secretary-General's existing authority. His delegation concurred with the recommendation of the Advisory Committee to adopt innovative formulas such as "pare-fare" (reduced fares offered to companies whose staff members travelled frequently). The Secretary-General should define more narrowly the criteria which permitted upgrades to first class and do away with the nine-hour rule completely.

38. In addition, his delegation urged the Secretary-General to achieve savings immediately by ending business class travel for United Nations officials at the under-secretary-general, assistant secretary-general and expert levels, and by discontinuing the practice of premium payments, ranging from 15 to 40 per cent, that were granted to senior Secretariat officials on top of the standard per diem rates. Representational needs for officials at that level should be covered by allowances established for that purpose. Stricter accounting for costs actually incurred by officials travelling, especially those related to lodging, should also allow for additional savings.

39. The two reports of the Secretary-General on travel and related entitlements for members of organs and subsidiary organs of the United Nations had revealed the need to conduct a comprehensive review of the criteria applied in such matters as soon as possible. ICSC should be requested to determine a standard of payment for all travel and the legislative organs of other bodies of the United Nations system should be asked to undertake a similar exercise.

40. Pending the establishment by ICSC of norms that would allow for uniform travel standards, savings could be achieved immediately and to the benefit of essential programmes.

The meeting rose at 11.25 a.m.